

**THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

<hr/>)	
)	
In re:)	Chapter 11
)	
SEARS HOLDING CORPORATION., et al,)	Case No. 18-23538 (RDD)
)	
Debtors ¹ .)	Jointly Administered
<hr/>)	

NOTICE OF RECLAMATION DEMAND OF GRACO CHILDREN'S PRODUCTS INC.

PLEASE TAKE NOTICE that Graco Children's Products Inc. ("Graco") served a written reclamation demand (the "Demand") on the above-captioned Debtors and Debtors-in-Possession (collectively, the "Debtors") on or about October 18, 2018. A copy of the Demand (without enclosures/exhibits) is attached hereto as Exhibit "A."

PLEASE TAKE FURTHER NOTICE that Graco hereby provides formal notice to all interested parties of Graco's reclamation claims pursuant to, without limitation, Section 546(c) of the United States Bankruptcy Code and Section 2-702 of the Uniform Commercial Code, as made

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

applicable by various state statutes, for the reclamation of goods sold by Graco to the Debtors on credit.

PLEASE TAKE FURTHER NOTICE that Graco reserves all rights, remedies, and defenses as set forth in the Demand.

Dated this 9th day of November, 2018.

RENO & ZAHM LLP

By: /s/ Jamie S. Cassel

Jamie S. Cassel (#06200979)
RENO & ZAHM LLP
2902 McFarland Road, Suite 400
Rockford, IL 61107
(815) 987-4050
(815) 987-4092
jsc@renozahm.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the **Notice of Reclamation Demand** was electronically filed on this 9th day of November, 2018, and served via CM/ECF on all parties requesting electronic notification in this case as well as via U. S. Mail on the Debtors and Debtors' counsel and on the Standard Parties as that term is defined in the Amended Order Implementing Certain Notice and Case Management Procedures (Dkt. 405).

/s/ Jamie S. Cassel

Jamie S. Cassel, Attorney for
Graco Children's Products Inc.

EXHIBIT “A”

Reclamation Demand of Graco Children’s Products Inc.



RENO & ZAHM LLP

ATTORNEYS AND COUNSELORS

JAMIE S. CASSEL
JSC@RENOZAHM.COM

October 18, 2018

VIA FEDERAL EXPRESS

Tracking No. 773513444616

Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail
Sunny Singh
Weil, Gotshal & Manages LLP
767 Fifth Ave
New York, NY 10153

VIA FEDERAL EXPRESS

Tracking # 773513445049

Robert A. Reicker
Chief Financial Officer
Sears Holding Corp.
3333 Beverly Road
Hoffman Estates, IL 60179

Re: Sears Holdings Corporation, et al. (collectively the "Debtors"), Case No. 18-23538 (RDD), Demand for Reclamation of Goods Pursuant to Bankruptcy Code § 546(c) and U.C.C. §2-702 on behalf of Graco Children's Products Inc.

Dear Mr. Schrock, Ms. Marcus, Mr. Fail, Mr. Singh, and Mr. Reicker:

I am writing as counsel for Graco Children's Products Inc. ("Graco") with respect to the above-referenced, jointly administered Chapter 11 cases, which are currently pending in the United States Bankruptcy Court for the Southern District of New York.

As set forth in the ledger summaries attached as **Exhibit A**, Graco sold certain goods (collectively the "*Prepetition Invoiced Goods*") to several Debtors including, but not limited to, Sears Holding Corp., Sears, Roebuck and Co., and Kmart Holding Corp.

The Prepetition Invoiced Goods were sold to the Debtors on credit and received by the Debtors while they were insolvent, which insolvency is evidenced, in whole or in part, by the Debtors' filing of Petitions for Relief under Chapter 11 of the United States Code, 11 U.S.C. § 101, et seq. (the "*Bankruptcy Code*") on October 15, 2018 (the "*Petition Date*"). Graco believes that the Debtors received the Prepetition Invoiced Goods, shipped by Graco in the 45-day period preceding the Petition Date, or between August 31, 2018, and October 15, 2018 (the "*Reclamation Period*"). The value of the outstanding invoices related to the Prepetition Invoiced Goods is \$24,229.18 with respect to Kmart and \$156,863.19 with respect to Sears.

October 18, 2018

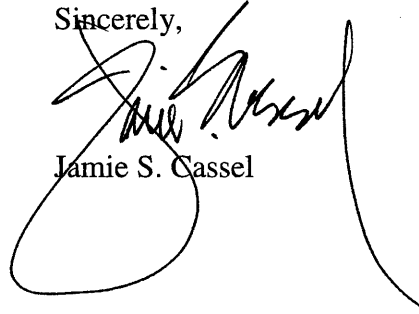
Page 2

Demand is hereby made pursuant to 11 U.S.C. § 546(c) and U.C.C. § 2-702 (and the applicable U.C.C. provisions in the states where the bulk of the goods were delivered), for return of the Prepetition Invoiced Goods. Graco demands the immediate return of the Prepetition Invoiced Goods. In the interim, Graco demands that the Debtors immediately segregate the Prepetition Invoiced Goods. Please take notice that these goods are not to be sold, used or otherwise transferred except with our written consent or by order of the court of competent jurisdiction entered upon prior notice to the undersigned.

This demand is made without prejudice to Graco's rights to (a) seek an 11 U.S.C. § 503(b)(9) administrative claim with respect to any portion of the Prepetition Invoiced Goods that were received by the Debtors within twenty (20) days before the Petition Date, (b) assert any lien rights with respect to the Prepetition Invoiced Goods, and (c) seek an 11 U.S.C. § 503(b)(1) administrative claim with respect to any portion of the Prepetition Invoiced Goods that were received by the Debtors after the Petition Date.

If you have any questions regarding the relevant goods or invoices, please do not hesitate to contact the undersigned at (815) 987-4050.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie S. Cassel", is written over the printed name. The signature is stylized with a large loop at the end.

Jamie S. Cassel

JSC:ssl

Enclosures